GOVERNMENT OF INDIA
FOOD PROCESSING INDUSTRIES
LOK SABHA

UNSTARRED QUESTION NO:154
ANSWERED ON:25.07.2005
IMPROVEMENT IN FP SECTOR
Rao Shri Sambasiva Rayapati

Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

(a) whether Food processing sector is expected to grow at 10 per cent per year by 2010;

(b) if so, whether this will attract a minimum investment of Rs. 2000 crores;

(c) whether according to the Associated Chambers of Commerce and Industry (ASSOCHAM) the study found that market in developed countries will provide additional export opportunities for agricultural and agro based processed products for countries such as India due to reduction in import duties, removal of non- tariff barriers and reduction in subsidies to domestic agriculture; and

(d) if so, the steps the Government proposes to take to improve food processing industry in the country?

Answer

THE MINISTER OF STATE OF THE MINISTRY OF FOOD PROCESSING INDUSTRIES (SHRI SUBODH KANT SAHAI)

(a) & (b): As per the report of M/s Rabo India Finance Pvt. Ltd. processed food Industry in India should aim to grow at about 10% per annum between 2005 and 2015. The investment required in building the processing capacity, infrastructure and market development is estimated to be Rs. 99,700 crore for this period.

(c): Yes Sir.

(d): Government has formulated and implemented several Plan Schemes to provide financial assistance for establishment and modernization of food processing units, creation of infrastructure, support for R&D, human resource development besides other promotional measures to encourage development of food processing industries. Recently, in order to give boost to growth of FPI sector the Government has allowed under Income Tax Act, a deduction of 100% of profit for five years and 25% of profits for the next five years in case of new agro processing industries set up to process, preserve and package fruits and vegetables. Excise duty of 16% on dairy machinery has been fully waived for promotion of dairy processing industries. Excise duty on meat, poultry and fish has been reduced from 16% to 8%. Excise duty on food grade hexane used in edible oil industry has been reduced from 32% to 16%. A National Horticulture Mission has been launched w.e.f. 1st April 2005 with an objective to boost the horticulture sector. In the Budget of 2005-06 excise duty of Rs. 1.00 per kg on refined edible oil and Rs. 1.25 per kg on vanaspati was abolished. Customs duty on refrigerated vans was reduced from 20% to 10%.